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1940

Securities and Exchange Commission today announced the adoption of an amendment to Rule 4-09 of Regulation S-X to permit the consolidation of financial statements of a totally held insurance company subsidiary with its parent, provided the subsidiary is primarily engaged in the insuring of risks arising in the ordinary course of business of the parent, and its other subsidiaries and provided that certain other conditions are met

United States. Securities and Exchange Commission

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For IMMEDIATE Release Tuesday, November 19, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

SECURITIES ACT OF 1933

Release No. 2398

SECURITIES EXCHANGE ACT OF 1934

Release No. 2692

ACCOUNTING SERIES

Release No. 18

The Securities and Exchange Commission today announced the adoption of an amendment to Rule 4-09 of Regulation S-X to permit the consolidation of financial statements of a totally held insurance company subsidiary with its parent, provided the subsidiary is primarily engaged in the insuring of risks arising in the ordinary course of business of the parent and its other subsidiaries and provided that certain other conditions are met. Regulation S-X governs the form and content of financial statements required to be filed on Form A-2 under the Securities Act of 1933 and most of the forms promulgated under the Securities Exchange Act of 1934.

The text of the Commission's action follows:

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, particularly Sections 7 and 19 (a) thereof, and the Securities Exchange Act of 1934, particularly Sections 12, 13, 15 (d), and 23 (a) thereof, and finding such action necessary and appropriate in the public interest and for the protection of investors, and necessary for the execution of the functions vested in it by the said Acts, hereby amends Rule 4-09 of Regulation S-X to read as follows:

"Rule 4-09. *Special Requirement as to Insurance Companies*

"(a) Except as provided in paragraph (b) of this rule, the statements of an insurance company shall not be consolidated or combined with the statements of any person.

"(b) The statements of an insurance company other than a life insurance company may be consolidated if all of the following conditions exist:

- "(1) the insurance company is a totally held subsidiary of the top parent included in the consolidation;
- "(2) such top parent is not an insurance company, investment company, or bank holding company;
- "(3) the insurance company engages in no business of a material amount other than the insuring of risks arising in the ordinary course of business of such top parent and its other subsidiaries;
- "(4) separate financial statements for the insurance company are filed."

Effective November 19, 1940.